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GOVERNOR

STATE OF MICHIGAN
OFFICE OF FINANCIAL AND INSURANCE SERVICES
DEPARTMENT OF LABOR & ECONOMIC GROWTH
DAVID C. HOLLISTER, DIRECTOR

LINDA A. WATTERS
COMMISSIONER

Memorandum

DATE: January 11, 2006

TO: Companies Writing Property/Casualty and/or Life/Health Insurance

FROM: Linda A. Watters
Commissioner

SUBJECT: Inquiry Regarding Insurance Policy Forms – Response Required

Enclosed is the 2006 Michigan Policy Forms Survey issued on behalf of the OFIS Commissioner requiring completion by insurers writing Property/Casualty and/or Life/Health insurance. The purpose of the survey is to gather information respecting compliance with Sections 2236(5), 2254, 2833(1)(q), 3008, 3013, 3145, 3410, 3411, 3412, 3413, 3414, 3415, 3416, and 3418 of the Insurance Code of 1956.

Background

In *Rory v Continental Ins Co*, 473 Mich 457, 475, the Michigan Supreme Court stated,

Clearly, the Legislature has assigned the responsibility of evaluating the “reasonableness” of an insurance contract to the person within the executive branch charged with reviewing and approving insurance policies: the Commissioner of Insurance. The statute permits, but does not require, the Commissioner to disapprove or withdraw an insurance contract if the Commissioner determines that a condition or exception is unreasonable or deceptive. The decision to approve, disapprove, or withdraw an insurance policy form is within the sound discretion of the Commissioner. [footnote omitted]

The information will assist the Commissioner in meeting these responsibilities.

Response Required

These inquiries are issued pursuant to MCL 500.438(3), which authorizes the Commissioner to address inquiries to any insurer in relation to the insurer’s activities, or any matter connected with the insurer’s transactions, and requires an insurer to address the inquiry promptly in writing. **Please respond within 30 days of the date of this correspondence.** Please be reminded that failing to respond to a Commissioner inquiry within 30 days may subject an insurer to penalties pursuant to MCL 500.438(5).

If you have any questions regarding the survey, please call the Product Review Unit toll free at 1-877-999-6442 or 517-373-4948, or send email to rparlo@michigan.gov.

2006 Michigan Policy Forms Survey

Name of Company

NAIC Group number and Company code

Instructions: If you cannot check any boxes in question number 1, proceed to certification on page 2. All others complete questions 2 thru 12. "Policy form" as used in these questions, includes all riders and/or endorsements to a policy form. If a question requires you to provide additional information, label it as instructed. When your survey is complete and certified by an officer of the company, return to OFIS at the address on page 2.

1) For which types of insurance have you issued or renewed policies in Michigan in 2005?

If none, then your survey is complete. Please complete certification on page 2 and return.

- | | | | |
|---|---|--|---|
| <input type="checkbox"/> General Liability | <input type="checkbox"/> Title | <input type="checkbox"/> Medicare Supplement | <input type="checkbox"/> Other Life and/or Health |
| <input type="checkbox"/> Private Passenger Auto | <input type="checkbox"/> Workers Compensation | <input type="checkbox"/> Life | |
| <input type="checkbox"/> Commercial Auto | <input type="checkbox"/> Professional Liability | <input type="checkbox"/> Long Term Care | |
| <input type="checkbox"/> Motorcycle | <input type="checkbox"/> Liquor Liability | <input type="checkbox"/> Annuities | |
| <input type="checkbox"/> Homeowners | <input type="checkbox"/> Other Property and/or Casualty | <input type="checkbox"/> Credit Life | |
| <input type="checkbox"/> Umbrella Liability | <input type="checkbox"/> Disability | <input type="checkbox"/> Credit Disability | |

2) Do any of your policy forms contain provisions that limit the amount of time in which insureds can file a claim? If yes, please submit a copy of each policy form that contains such language with the language highlighted. Label top right corner of first page as Exhibit 2.

☐ Yes ☐ No

3) Do any of your policy forms contain provisions that limit the amount of time in which insureds can file a lawsuit against the insurer? If yes, please submit a copy of each policy form that contains such language with the language highlighted. Label top right corner of first page as Exhibit 3.

☐ Yes ☐ No

4) Do any of your policy forms contain prior notice requirements, conditions, or clauses that prevent you from considering an otherwise valid proof of loss?

If yes, please submit a copy of each policy form that contains such prior notice requirements, conditions, or clauses with the language highlighted. Label top right corner of first page as Exhibit 4.

☐ Yes ☐ No

5) Do all of your liability policy forms, including homeowners and auto coverage, contain a provision that complies with MCL 500.3008 by stating, "Failure to give any notice required to be given by such policy within the time specified herein shall not invalidate any claim made by the insured if it shall be shown not to have been reasonably possible to give such notice within the prescribed time and that notice was given as soon as was reasonably possible?" If no, please identify each liability policy form that does not contain this provision and explain why the provision is not included. Label top right corner of first page as Exhibit 5.

☐ Yes ☐ No

6) Do all of your property only/homeowners policy forms contain a provision that complies with MCL 500.2833(1)(q) by stating, "An action under the policy may be commenced only after compliance with the policy requirements. An action must be commenced within 1 year after the loss or within the time period specified in the policy, whichever is longer. The time for commencing an action is tolled from the time the insured notifies the insurer of the loss until the insurer formally denies liability?" If no, please identify each property only / homeowners policy form that does not contain this provision and explain why the provision is not included. Label top right corner of first page as Exhibit 6.

☐ Yes ☐ No

7) Do all of your auto policy forms contain a provision that complies with MCL 500.3145? If no, please identify each type of auto policy form that does not contain this provision and explain why the provision is not included. Label top right corner of first page as Exhibit 7.

☐ Yes ☐ No

8) Do any of your life, health, surety, and/or casualty policy forms contain provisions that prohibit insureds from filing lawsuits against the insurer?

If yes, please submit a copy of each policy form that contains such language with the language highlighted. Label top right corner of first page as Exhibit 8.

☐ Yes ☐ No

9) Do any of your life, health, surety, and/or casualty policy forms contain provisions that require insureds to engage in binding arbitration concerning claims disputes?

If yes, please submit a copy of each policy form that contains such language with the language highlighted. Label top right corner of first page as Exhibit 9.

☐ Yes ☐ No

10) Do all of your disability policy forms contain a provision that complies with these Michigan laws? Or check if ☐ This insurer has no disability policy forms.

MCL 500.3410 ☐ Yes ☐ No

MCL 500.3414 ☐ Yes ☐ No

MCL 500.3411 ☐ Yes ☐ No

MCL 500.3415 ☐ Yes ☐ No

MCL 500.3412 ☐ Yes ☐ No

MCL 500.3416 ☐ Yes ☐ No

MCL 500.3413 ☐ Yes ☐ No

MCL 500.3418 ☐ Yes ☐ No

If you checked any "No" box above, please identify each type of disability policy form that does not contain the required provisions and explain why the provisions are not included. Label top right corner of first page as Exhibit 10.

11) Do any of your policy forms contain provisions granting deference in any subsequent proceedings, to the insurer's decision to deny a claim? *If yes, please submit a copy of all policy forms that contain such a provision, with the deference provision highlighted. Label top right corner of first page as Exhibit 11.*

☐ Yes ☐ No

12) Do all of your policy forms contain a provision to notify an insured that the time your company uses to evaluate and determine to pay or deny a claim does not count against the time limit within which an insured must sue for coverage of an unpaid claim? *If no, please identify each type of policy form that does not contain the provision and explain why the provision is not included. Label top right corner of first page as Exhibit 12.*

☐ Yes ☐ No

Certification

I certify that I am an officer of the company named in this report, and that I have authority to file this report. I have examined this report thoroughly, and it is true, complete and correct to the best of my knowledge and belief.

Signature of Officer		Date signed	Person and phone number to contact regarding this report
Signer's name and title typed or printed			
Signer phone number	Signer email address		Contact Person EMail address

PA 218 of 1956, PA 350 of 1983 and PA 251 of 2000, as amended requires submission of this form by all licensed insurers in Michigan. Failure to complete and submit this survey properly could result in a compliance action or revocation of your authority to do business in Michigan.

Return completed report to:

**Office of Financial and Insurance Services
Insurance Product Review Unit
PO Box 30220
Lansing MI 48909-7720**

Address questions about this survey to Carol Ostrowski at
1-877-999-6442 or 1-517-373-4948



Michigan Department of Labor & Economic Growth

Visit OFIS online at: www.michigan.gov/ofis Phone OFIS toll-free at: 1-877-999-6442

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